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April 12, 1994

U.S. DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

The Honorable Reed Hundt, Chairman
Federal Communications Commission
1919 M Street NW
Washington, DC 20554

EX PARTE OR LATE FILED

Dear Mr. Chairman:

We are urging you to use your authority to waive a proposed FCC licensing fee increase that is draped in good intentions -- reducing the federal budget deficit -- but may have unintended and fiscally disastrous consequences.

As you are obviously aware, the telecommunications section of the Omnibus Budget Reconciliation Act of 1993 required the FCC to impose user fees on a wide variety of its services. As a result, your agency is about to issue a notice of proposed rule-making on increasing the cost of an FCC license for boaters equipped with VHF radios from \$35 for 10 years to \$105 for 10 years -- a 300 percent jump.

At first glance, it would appear that a sizable license fee increase for VHF-equipped boats would generate substantial revenues. Unfortunately, of the estimated 10 million boats that are equipped with these radios, only 650,000 of them -- 6.5 percent -- are actually licensed. It is hard to believe that any more boaters would obtain licenses if the fee were to be increased; it is well within the realm of possibility to imagine fewer boaters obtaining licenses. With such a small number of boats licensed, the small revenue increase from the VHF licensing fee hike will be nearly cancelled out by the cost of implementing, administering, and enforcing it.

Mr. Chairman, aside from causing loud protests from boaters and boating groups, this proposal has drawn the opposition of the very agency charged with protecting our waters and regulating our boaters: the Coast Guard. In a letter to your agency earlier this month, Coast Guard Commandant J.W. Kime wrote, "The Coast Guard believes that waiver of the marine (ship) station license regulatory fee for vessels which carry radio equipment, but are not required to do so, would enhance maritime safety and promote the public interest. Therefore I ask that the Commission waive this fee in the public interest."

We agree with the Commandant and strongly believe this is a case where the FCC should use the authority granted to it by Congress under Sections 9(b)(3) and 9(d) of the Budget Act to waive this fee in the public interest.

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It should also be noted that many inside the FCC are skeptical of the wisdom of increasing the VHF licensing fee - let alone regulating such licensing in the first place. The FCC legislative affairs office sent Congress a de-licensing proposal earlier this year which would put the Coast Guard in charge of regulating and monitoring frequencies on shipboard radios.

Finally, it is important to point out that this fee increase would be imposed upon a group that already pays its fair share of Coast Guard and state taxes and fees. Reducing this nation's budget deficit and putting us on a path of fiscal responsibility is an honorable goal that we all share, but doing so on the backs of boaters who already shoulder their share of the burden - with a proposal that seems likely to generate a negligible amount of revenue - is a dubious way to do it.

Kindest Regards,

Patricia

Cliff Stearns

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Henry Johnston

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